



***Office of Thrift Supervision  
Financial Reporting Division***

**September 2003**

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# **Financial Reporting Bulletin**

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It is important that you read this bulletin and the attached materials before submitting your Thrift Financial Report.

**TFR Deadline — Thursday, October 30  
HC and CMR Deadline — Friday, November 14**

## **IN THIS ISSUE**

Third Quarter Deadlines

Software Corner

Modem Issues

Schedule CMR Changes

September 2003 TFR Instruction Manual Updates

Questions and Answers

Contact List

The Financial Reporting Division of the Office of Thrift Supervision publishes the Financial Reporting Bulletin quarterly and distributes it to all OTS regulated institutions. The bulletin's purpose is to provide the Thrift Financial Report preparer with reporting information and guidelines. Please send comments and suggestions on this bulletin to Office of Thrift Supervision, 1700 G Street, NW, Washington, DC 20552 or by e-mail to [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov).

## **THIRD QUARTER DEADLINES**

You should complete and transmit your September 2003 TFR as soon as possible after the close of the quarter. All schedules except HC and CMR are due no later than Thursday, October 30, 2003. Schedules HC and CMR are due no later than Friday, November 14, 2003.

Institutions that are exempt from filing Schedule CMR but choose to voluntarily file must adhere to the filing deadlines. OTS will not be able to provide Interest Rate Risk reports to institutions that fail to meet the filing deadline. All voluntary filers should contact Doris Jackson at 972-277-9618 or [doris.jackson@ots.treas.gov](mailto:doris.jackson@ots.treas.gov) two days after transmitting CMR to confirm that it was received.

If you have any questions concerning the preparation of your report, please call your Financial Reporting Division contact in Dallas, Texas. You may email reporting questions to [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov). If you have a problem with the electronic filing software or transmission, call Cheyann Houts at 972-277-9617 or Doris Jackson at 972-277-9618. If you have any questions about your Interest Rate Risk report, you may contact Scott Ciardi at 202-906-6960 or [scott.ciardi@ots.treas.gov](mailto:scott.ciardi@ots.treas.gov).

## **SOFTWARE CORNER**

### **SOFTWARE UPDATE**

Please connect to the OTS Network using EFS (click Transmit, click Next, click Transmit Now) to download software update version 4.5.5 **before** you prepare and transmit your September Cost of Funds monthly report and quarterly Thrift Financial Report, which are due no later than October 30.

### **AMENDMENTS**

Beginning with the September 2003 reporting cycle, **all amendments** to the TFR, including Schedules CMR and HC, **must be electronically transmitted** to OTS using the Electronic Filing System (EFS) software. **FRD staff will no longer accept faxes or verbal requests to amend financial data.** It is the responsibility of the thrift to ensure that all amendments to the data are electronically transmitted to OTS in a timely manner. Timely amendments ensure that the public and OTS have accurate data. Financial data from these reports is posted on the OTS web site on a weekly basis.

EFS software questions may be directed to Cheyann Houts at 972-277-9617 or Doris Jackson at 972-277-9618.

### **UTPR**

Generally, the UTPR will first be available on the Tuesday after the report filing deadline. For example, you will be able to download your September 2003 UTPR on Tuesday, November 4, 2003 (filing deadline is October 30). Until November 4th, any UTPR you download will reflect your latest report data for the cycle of June 2003. The UTPR data is updated twice a week thereafter on Monday and Friday nights.

After we begin updating UTPRs for a reporting cycle, the reports for the prior cycle will no longer be available. We do not retain historical UTPR data. Any historical record of your data must be maintained by your institution.

## **MODEM ISSUES**

In late August OTS upgraded the operating system software that runs the EFS dial-up network modem pool in response to a U.S. Department of Treasury mandate brought on by several recent virus and/or worm threats. As a result of this upgrade, some institutions were unable to connect to the OTS Network due to incompatibilities between their modems and the upgraded operating system.

**We recommend that prior to preparing and transmitting your September Cost of Funds or TFR, you attempt to connect to the OTS Network.** If your modem cannot connect to the OTS Network, please contact Doris Jackson at 972-277-9618 or [doris.jackson@ots.treas.gov](mailto:doris.jackson@ots.treas.gov), or Cheyann Houts at 972-277- 9617 or [cheyann.houts@ots.treas.gov](mailto:cheyann.houts@ots.treas.gov).

## **SCHEDULE CMR CHANGES**

### **Reporting of Mortgage-Related Mutual Funds in Schedule CMR**

Beginning with the September 2003 report, OTS will no longer use the additional information on mortgage-related mutual funds in Supplemental Reporting for Assets and Liabilities. Because of the difficulty in finding appropriate benchmark instruments to use in valuing Mortgage Related Mutual Funds reported on the Supplemental Schedule for Assets/Liabilities, we are eliminating this reporting option.

### **Credit-Enhancing Residuals**

Beginning with the September 2003 report, we will no longer require market value estimates for credit-enhancing residuals. That is, we have deleted Codes 101 and 103 in Appendix D for use in the Supplemental Reporting of Market Value Estimates.

## **SEPTEMBER 2003 TFR INSTRUCTION MANUAL UPDATES**

Attached to this bulletin are 33 updated pages to the TFR Instruction Manual. The updated pages are dated September 2003. We have identified all changes by a bar in the right margin. The changes are as follows:

**Schedule SC – Page 204 – SC170, Federal Funds Sold** – Revised the instructions to exclude term Federal Funds from SC170. Term Fed Funds should be reported as commercial loans.

**Schedule SC – Page 216 – SC303, Unsecured Commercial Loans** – Added term Federal Funds to the list of items included as unsecured commercial loans.

**Schedule SC – Page 224 – SC55, Office Premises and Equipment** – Moved from “Include” to “Do not include” technology-based intangible assets, such as computer software, which is included on SC660, pursuant to FASB Statement No. 141.

**Schedule SC – Page 225 – SC660, Goodwill and Other Intangible Assets** – Revised items under “Include” pursuant to FASB Statement No. 141. Also added intangible pension assets pursuant to FASB Statement No. 87.

**Schedule SC – Page 233, SC760, Other Borrowings** – Deleted exclusion of an institution’s holding company as a borrower in ESOP obligations included in Other Borrowings.

**Schedule SO – Page 307, SO420, Mortgage Loan Servicing Fees** – Clarified the instructions by changing the word “write-downs” to “impairment losses.”

**Schedule SO – Page 307, SO420, Other Fees and Borrowings** – Added credit enhancement fees under “Include”.

**Schedule CF – Page 805, CF340, Cash Repayment of Principal** – Deleted an obsolete item under “Do not include.”

**Schedule CMR – Page 1622, Construction and Land Loans** – Added that for combination construction-permanent loans, only the construction period is included in the WARM. Also added a reminder to report the mortgage commitment as an off-balance-sheet position.

**Schedule CMR – Pages 1634 and 1635** – Moved the example for CMR411 and CMR 415 to its proper place. It was incorrectly located in the previous manual.

**Schedule CMR – Pages 1646, 1669, 1671, and 1672, Mortgage-Related Mutual Funds** – Deleted the optional reporting of mortgage-related mutual funds from Supplemental Reporting of Assets and Liabilities and explained on Page 3 of this bulletin.

**Schedule CMR – Page 1677, Credit Enhancing Residuals** – Deleted the reporting of credit enhancing residuals under codes 101 and 103 as explained on Page 3 of this bulletin.

**Schedule CMR – Appendix C**– Eliminated the codes for mortgage-related mutual funds from Appendix C. Also deleted Codes 101 and 103 from Appendix D. See Page 3 of this bulletin for an explanation of these changes.

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## Questions & Answers

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*We post TFR Questions and Answers on the OTS web site at [www.ots.treas.gov/tfrqanda.html](http://www.ots.treas.gov/tfrqanda.html). If you have a question that you would like posted, please submit it to [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov).*

**Q&A No. 215**

**SUBJECT: OVERDRAFT PROTECTION AND FEES**

**LINE(S): SC303/345**

**DATE: September 4, 2003**

**Question:** An institution provides overdraft protection (not a line of credit) on its individual and commercial deposit accounts. It charges an overdraft protection fee when it covers an NSF check under the terms of the overdraft protection agreement. How should the overdraft amount be categorized on the TFR? If some of the amounts are later deemed uncollectable, how should they be reported?

**Answer:** Report the overdraft amounts and related uncollected fees as loans, depending on the type of deposit account. Report overdrafts and uncollected fees on individual deposit accounts on line SC345, Credit Cards and Related Plans. Report overdrafts and uncollected fees on commercial deposit accounts as unsecured commercial loans on line SC303, Unsecured Commercial Loans. Include the appropriate amount of allowance for loan losses for these accounts on line SC357, Allowance for Loan and Lease Losses.

For overdraft amounts reported on lines SC345 and SC303 deemed uncollectable, charge-off such amounts to valuation allowances, and report as charge-offs on lines VA580 and VA520, respectively, reducing ALLL on SC357. Do not charge-off uncollectable overdraft amounts to any other accounts, such as income or expense accounts.

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Q&A No. 216**SUBJECT: INTANGIBLE PENSION ASSET****LINE(S): SC660****DATE: September 4, 2003**

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**Question:** Per FASB 87, "Employer's Accounting for Pensions," we have recognized on our balance sheet an intangible asset and accumulated other comprehensive income.

Should we report the intangible asset on SC 660, "Goodwill and Other Intangible Assets?"

**Answer:** Yes, you should report this intangible asset on SC660.

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## Q&amp;A No. 217

**SUBJECT: 90% LTV****LINE(S): SCHEDULES LD AND CCR****DATE: September 4, 2003**

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**Question:** Why does LD require the reporting of loans **90% and above** and CCR460 require 100% risk weighting of mortgages on single-family dwellings with an LTV **higher than 90%**? If LTV equals 90%, then the institution must classify the loan on LD. However, the same loan would escape 100% risk-weight on CCR. CCR provides a capital treatment differing from the treatment on schedule LD.

**Answer:** Any difference between the treatment in LD and CCR in almost all cases should be immaterial. The requirements are comparable except for an LTV of **exactly** 90%, which may occur at origination, but would be exactly at 90% LTV only until the first payment is received, and then, unless it negatively amortizes, it will be lower than 90%. Consequently, the instructions for Schedule CCR were recently re-written to include loans in the beneficial 50% risk weight up to and including 90%.

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## Q&amp;A No. 218

**SUBJECT: LINES OF CREDIT ON NONRESIDENTIAL PROPERTY****LINE(S): CC300/CC420****DATE: September 4, 2003**

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**Question:** Should we report all unused line of credits on CC420, "Commercial Lines" regardless of where the funded loan is reported on Schedule SC? We have a commitment to fund a revolving line of credit on a mortgage loan on nonresidential property, reported on line SC260. During the quarter we disbursed amounts to the borrower, which I will report on line CF260, Mortgage Loans Disbursed: Nonresidential. Should I report the remaining commitment to fund the revolving line of credit on line CC420?

**Answer:** You are correct to report the disbursements on CF260; however, you should report the unused line on CC300, Mortgage commitments on All Other Real Estate. CC420 contains lines of credit on commercial loans that are not secured by real estate.

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Q&A No. 219**SUBJECT: SUB S CORP DIVIDENDS****LINE(S): SI630****DATE: September 4, 2003**

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**Question:** I have a Subchapter S corporation that reports its distributions to stockholders on SI670 Other Adjustments to Equity. Their rationale is that the IRS defines these distributions as "distributions" rather than "dividends". Therefore, they do not believe the distributions fit the definition of cash dividends to be reported on line SI 630.

**Answer:** For regulatory reporting purposes distributions from a Sub S Corporation are considered dividends and should be reported on SI630.

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## Q&amp;A No. 220

**SUBJECT: REDUCING LOW LEVEL RECOURSE BY CONTINGENT LIABILITY****LINE(S): CCR375****DATE: September 4, 2003**

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**Question:** We sell loans to FannieMae under an arrangement whereby we retain limited recourse of 4%. At the time of sale, based on our historical loss experience, we record a liability of 0.35% for this off balance sheet credit exposure. For purposes of the regulatory capital deduction for low-level recourse on line CCR375, may we reduce the limited recourse of 4% by the recorded liability of 0.35%?

**Answer:** Yes, assuming no other relevant facts. Note that capital before the deduction for low level recourse has already been reduced for the recorded liability.

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## Q&amp;A No. 221

**SUBJECT: CD MATURITY ON A NONBUSINESS DAY****LINE(S): CMR****DATE: September 4, 2003**

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**Question:** The last calendar day of a quarter falls on a Saturday or Sunday, and the last business day is Friday. Would an 18 month fixed-rate, fixed-maturity CD that is automatically renewable and matures on the last day of the quarter, be reported in the 13 to 36 Original Maturity In Months column and on the line for Balances Maturing in 13 to 36 months rather than the line for Balances Maturing in 3 Months or Less?

**Answer:** You should treat the CD as if it rolled over on Friday, the last business day of the quarter, and automatically renewed. Therefore, it would have an 18-month maturity.

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## Q&amp;A No. 222

**SUBJECT: CONSTRUCTION/PERMANENT LOANS****LINE(S): CMR****DATE: September 4, 2003**

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**Question:** Could you please tell me if I am reporting the following loan correctly on schedule CMR? Assume the following loan:

A construction/permanent loan on a multi-family residential building having a commitment of \$1,000,000. The loan has a 1 year construction period and then rolls to a 30 year permanent loan. The loan has a known fixed rate for the first three years and then will become a variable rate loan thereafter. The loan has a prepayment penalty if paid off within the fixed rate period. At quarter end, \$600,000 has been disbursed and \$400,000 remains in LIP.

Reported on CMR as:

\$600,000 is reported on line CMR 262 (MFR - fully amortizing - adjustable rate loan)

\$400,000 is reported on CMR 802 (Off B/S - firm commitment to originate ARM loan).

**Answer:** The suggested reporting is incorrect. Instead, this construction/permanent multifamily loan should be reported on CMR as follows:

(1) The disbursed part (\$600,000) should be reported as fixed-rate Construction Loan in CMR292 with WARM of 12 months,

(2) The undisbursed part (\$400,000) should be reported as Construction LIP in OBS part of CMR using code 9502 with WAM less than one year since construction phase is partially completed, and

(3) The permanent commitment should be reported as a firm commitment to originate a \$1,000,000 mortgage using contract code 2216 in OBS part.

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**Q&A No. 223**

**SUBJECT: ZERO COUPON STATE/MUNICIPAL BONDS**

**LINE(S): Schedule CMR**

**DATE: September 4, 2003**

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**Question:** Are zero coupon state/municipal bonds that do not feature a call option reported in schedule CMR on lines 479-481 with the other municipal bonds or are they reported lines 470-472 under zero coupon securities?

**Answer:** You should report them as zero coupon securities.

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The Financial Reporting Division uses voice mail extensively. If you reach the voice mail of the person you are calling, please leave a brief message, speaking slowly enough to be clearly understood. Include your name, phone number, region, and docket number. Your call will be returned as quickly as possible.

#### **TFR REPORTING QUESTIONS AND ANSWERS**

We post TFR Questions and Answers on the OTS web site at <http://www.ots.treas.gov/tfrqanda.html>. If you have a question that you would like answered, you may submit it to [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov).

#### **INTEREST RATE RISK REPORTS**

If you have a question about your Interest Rate Risk report, contact Scott Ciardi at 202-906-6960 or [scott.ciardi@ots.treas.gov](mailto:scott.ciardi@ots.treas.gov).

#### **COPIES OF TFR MANUAL**

OTS provides one free copy of the TFR Instruction Manual and Financial Reporting Bulletins to report preparers of all OTS-regulated institutions. Additional copies of the manual and bulletins may be ordered from our distribution service at (301) 645-6264 at a cost for a one-year subscription of \$35. You can also access the manual and bulletins on the OTS web site at <http://www.ots.treas.gov/tfrpage.html>.



# **Thrift Financial Report Instruction Manual Updates**

## **SEPTEMBER 2003**

Insert these revised pages into your instruction manual. Delete **only** those pages that have replacements.

Refer to the summary of these changes in the September 2003 Financial Reporting Bulletin.

Direct questions to your Financial Reporting Analyst in Dallas, TX,  
or by e-mail to [tfr.instructions@ots.treas.gov](mailto:tfr.instructions@ots.treas.gov).

1. Equity securities issued by sponsored enterprises of the U.S. government, such as Freddie Mac preferred stock. Report on SC140.
2. Securities issued by state and local governments. Report on SC180.
3. Securities purchased under a repurchase or dollar-repurchase agreement. Report on SC170, Federal Funds Sold and Securities Purchased Under Agreements to Resell.
4. Mortgage-backed instruments and derivatives issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. Report on SC150 or SC210.

## **SC140: Equity Securities Subject to SFAS No. 115**

Report all investments in equity securities that have readily determinable fair values and that are accounted for pursuant to FASB Statement No. 115.

### **Include:**

1. Common and preferred stock that has a readily determinable market value, including Freddie Mac and Fannie Mae stock.
2. Shares of all mutual funds, including those restricting their investments to debt instruments, such as U.S. government, agency, and sponsored enterprise securities.

### **Do not include:**

1. FHLBank stock. Report on SC690, Other Assets as Code 01.
2. Other equity investments **not subject to FASB Statement No. 115**, including ownership interests in unconsolidated subordinate organizations and entities designated as pass-through investments, even though they are not subordinate organizations. Report on SC50, Investment in Unconsolidated Subordinate Organizations.
3. Your savings association's own treasury stock. Report as a reduction of capital on SC890, Other Components of Equity Capital.

## **SC150: Mortgage Derivative Securities**

Report the outstanding balance, as determined in accordance with GAAP, of mortgage derivatives. .

### **Include:**

1. Mortgage derivatives issued by REMICs.
2. PO and IO strips of mortgage-backed securities, including those issued or guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae.
3. CMOs (collateralized mortgage obligations) including those collateralized by Fannie Mae, Freddie Mac, and Ginnie Mae pass-through securities.
4. Securitized residual interests of mortgage derivatives.
5. Other subordinated tranches.

### **Do not include:**

1. PO and IO strips of U.S. government and agency nonmortgage debt instruments. Report on SC130.
2. Mortgage-backed bonds. Report on SC185.
3. Mortgage pool securities. Report on SC210 and SC215.
4. Securities collateralized by nonmortgage assets. Report on SC185.

## **SC162: Interest-Earning Deposits in FHLBs**

Report all interest-earning checking accounts and time deposits (CDs) held with FHLBanks.

**Do not include:**

Accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings, except for credit balances in zero-balance accounts, which are reported on SC710, Deposits.

**SC166: Other Interest-Earning Deposits**

Report all interest-earning checking accounts and time certificates held with banks and other depository institutions.

**Do not include:**

Accounts with credit balances that do not have the right of offset. Report on SC760, Other Borrowings, except for credit balances in zero-balance accounts, which are reported on SC710, Deposits.

**SC170: Federal Funds Sold and Securities Purchased Under Agreements to Resell****Include:**

1. The balance of excess Federal Funds invested.
2. Securities purchased under agreements to resell that do not meet the criteria for a sale under FASB Statement No. 140, including dollar-repurchase and fixed-coupon agreements. See SC730.

**Do not include:**

1. Term Federal Funds  
Any lending of immediately available funds where the loan has an original maturity of more than one business day, other than securities purchased under agreements to resell, is to be treated as a commercial loan, not as federal funds sold. Such transactions are sometimes referred to as *Term Fed Funds*.

**SC180: State and Municipal Obligations**

Report debt securities issued by state and local governments.

**SC185: Other Investment Securities**

Report investment securities and other instruments not reported on SC110 through SC180 or SC50.

**Include:**

1. Investments in commercial paper and corporate debt securities.
2. Promissory notes.
3. Mortgage-backed bonds and notes.
4. Securities collateralized by nonmortgage loans such as credit cards, including securitized residual interests.

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## NONMORTGAGE LOANS

### Adjust the balances in this section for:

1. Specific valuation allowances.
2. Deferred loan fees net of direct costs.
3. Discounts and premiums on the purchase of nonmortgage loans and contracts.
4. Applications of lower-of-cost-or-market accounting treatment to loans held for sale but not in a trading account.
5. Any undisbursed balances of closed-end loans, loans-in-process. Report the undisbursed amount on CC125.
6. The undisbursed portion of lines of credit. Report the undisbursed amount on CC410-420.
7. Unearned interest, such as add-on interest of loans issued at a discount.
8. Deposits accumulated for the payment of loans, hypothecated deposits.
9. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of Statement No. 133.
10. Accumulated gain or loss (change in fair value) on nonmortgage loans attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.

**Do not adjust the balances in this section for:** Allowance for loan and lease losses. Report these on SC357.

### Include:

1. Unsecured loans.
2. Loans secured with tangible property other than real estate, except as noted below.

### Do not include:

1. Investments in securities collateralized by nonmortgage loans. Report these securities on SC185, Other Investment Securities. **Note:** Although you report pass-through securities backed by nonmortgage loans **with** nonmortgage loans in Schedule CMR, in Schedule SC report securities backed by nonmortgage loans with Other Investment Securities on SC185.
2. Loan commitments that you have not yet taken down, even if you have received fees. Prior to disbursement of the loan, report refundable fees on SC783, Escrows, and nonrefundable fees on SC796, Other Liabilities and Deferred Income, as Code 04.

## SC30: Total

The EFS software will compute this line as the sum of SC300 through SC348 less SC357.

## Commercial Loans:

### SC32: Total

The EFS software will compute this line as the sum of SC300 through SC306.

### SC300: Secured, Other than Mortgage

Report all loans to corporations, partnerships, and individuals for business purposes and secured by tangible property and real estate where the loan cannot be classified as a mortgage or where you chose to classify it as a nonmortgage commercial loan.

**Include:**

1. Loans secured by commercial properties that do not qualify as mortgage loans.
2. Secured loans for farming operations.
3. Floor-planning, inventory and wholesale, loans to dealers for automobiles or mobile homes.
4. Retail auto loans if the autos are for commercial use.
5. Nonmortgage loans insured or guaranteed by state or municipal government authority or an agency of the federal government, including Farmers Home Administration, Agency for International Development, and the insured portion of unsecuritized Small Business Administration (SBA) loans.
6. Secured nonmortgage loans to unconsolidated subordinate organizations.
7. Outstanding balances of secured commercial lines of credit.
8. Loans secured by residential property to finance small businesses if the loans are not reported as mortgages.

**Do not include:**

1. Commercial financing leases. Report on SC306.
2. The uninsured portion of SBA loans. Report on SC303.

**SC303: Unsecured**

Report all unsecured loans to corporations, partnerships, and individuals for business purposes.

**Include:**

1. Unsecured construction loans to builders.
2. Unsecured loans for the improvement of multifamily and other commercial property.
3. The outstanding balance of unsecured commercial lines of credit, overdrafts on commercial demand deposits, and business credit cards.
4. Unsecured loans for farming operations.
5. Term Federal Funds  
Any lending of immediately available funds where the loan has an original maturity of more than one business day, other than securities purchased under agreements to resell, is to be treated as a loan. Such transactions are sometimes referred to as *Term Fed Funds*.
6. All other unsecured loans made for commercial purposes.

**Do Not include:**

1. Unsecured loans to unconsolidated subordinate organizations. Report on SC50, Investment in Unconsolidated Subordinate Organizations.

**Equity Method**

You should generally use the equity method as described in APB No. 18 when an investor owns 20 percent to 50 percent of the voting shares of an investment or is otherwise able to exert significant influence over the operation of the entity.

The carrying value of the savings association's investment in common stock is initially recorded at cost. The investment is adjusted to record the savings association's proportionate share of the entity's earnings or losses after the elimination of intercompany profits and is decreased by the amount of dividends from the entity. If it is appropriate to reduce an investment below zero, you should not offset it against other equity investments, but reclassify it to SC796, Other Liabilities and Deferred Income, as Code 08.

**Cost Method**

Use the cost method when you own less than 20 percent of the voting shares of the investment and cannot exert significant influence over its operations.

Record the carrying value of your investment at cost, and do not adjust it for net income or loss or dividends. Record cash dividends received as income from the investment on SO491, Other Noninterest Income.

**SC529: Memo: General Valuation Allowances**

This item is a memo item that has already been deducted from SC50 and therefore do not include it in the summation of assets for SC60, Total Assets. Report all general valuation allowances established on amounts reported on SC50 to recognize losses pertaining to your investment in and unsecured loans to your unconsolidated subordinate organizations. Include all valuation allowances in the reconciliation of valuation allowances in Schedule VA.

**Do not include:**

1. Specific valuation allowances.
2. Valuation allowances established at the subordinate organization level.
3. Permanent declines in value; these must be written off directly against the equity investment.

**SC55: OFFICE PREMISES AND EQUIPMENT**

Report the book value of all premises and equipment that are used in your business operations net of accumulated depreciation whether they were purchased directly or acquired by means of a capital lease. In a sale-leaseback where the resulting lease is a capital lease, report the capital lease net of the unamortized deferred gain or loss.

Report depreciation expense for the quarter on SO530, Office Occupancy and Equipment Expense.

**Include:**

1. All land, buildings, and parking lots occupied by you, including those only partially occupied.
  2. Land or improved real estate intended for future use in your business operations.
  3. Real estate you formerly occupied, if the real estate is held for sale.
  4. Capital leases for your office premises and equipment.
  5. Carrying costs capitalized during the construction of your premises.
  6. The unamortized balance of all improvements to leased quarters and any capital improvements made to land leased for your use.
  7. Office furniture, fixtures, equipment, and vehicles you own.
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**Do not include:**

1. Repossessed assets, unless you used them on other-than-a-temporary basis. Report on SC405 through SC430.
2. Real estate held for investment. Report on SC45.
3. Real estate you originally acquired for future use but no longer intend to use for that purpose. Report as REO on SC405 through SC428.
4. Real estate you formerly occupied and did not actively hold for sale. Report on SC45.
5. Real estate you acquired as part of a troubled debt restructuring. Report on SC405 through SC428, Repossessed Real Estate.
6. Technology-based intangible assets, such as computer software. Report on SC660.

**OTHER ASSETS:****SC58: Total**

The EFS software will compute this line as the sum of SC642 through SC690 less SC699.

**Servicing Assets on:**

Report the carrying amount of servicing assets accounted for under FASB Statement No. 140.

Adjust the carrying amount for:

1. Unamortized deferred gains and losses on hedging transactions closed prior to adoption of FASB Statement No. 133.
2. Accumulated gain or loss (change in fair value) on the servicing asset attributable to the designated risk being hedged on a qualifying fair-value hedge under FASB Statement No. 133.
3. Any valuation allowances.

Servicing assets are subject to certain regulatory capital limitations. Refer to the instructions for data field CCR133.

Do not include amounts for any rights to future interest income from the serviced loans that exceed contractually specified servicing fees, defined below. Such rights are not servicing assets. Report such amounts on SC655, Interest-only Strip Receivables and Certain Other Instruments.

Contractually specified servicing fees are all amounts that, per the contract, are due to you as the servicer in exchange for the servicing. In other words, you would no longer receive them if the beneficial owners of the serviced assets were to exercise their actual or potential authority under the contract to shift the servicing to another servicer.

**SC642: Mortgage Loans**

Report servicing assets on mortgage loans only.

**SC644: Nonmortgage Loans**

Report servicing assets of loans other than mortgages, such as automobile and credit card loans.

**SC655: Interest-only Strip Receivables and Certain Other Instruments**

Report the amortized cost of certain nonsecurity financial instruments (CNFIs) accounted for under FASB Statement No. 140. CNFIs include interest-only strip receivables, loans receivable, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in such a way that the holder would not recover substantially all of its recorded investment. Adjust the carrying amount for: (1) accumulated gain or loss (change in fair value) on CNFIs attributable to the designated risk being

hedged on a qualifying fair-value hedge under FASB Statement No. 133; and (2) any valuation allowances.

Do not include interest-only strips **in security form**. Report on SC150, Mortgage Derivative Securities, or SC185, Other Investment Securities, as appropriate.

In general, CNFIs are initially recorded at cost, which often approximates fair value. Subsequent to initial recording, CNFIs are measured at fair value, like investments in debt securities classified as available for sale or trading under FASB Statement No. 115. All CNFIs should be reported on either SI375 or SI385, depending on whether they are classified as held for trading or available-for-sale pursuant to FASB Statement No. 115.

## SC660: Goodwill and Other Intangible Assets

Report the unamortized balance of goodwill and other intangible assets.

### Include:

1. Goodwill.
2. Core deposit premium.
3. Intangible pension assets recorded pursuant to FASB Statement No. 87.
4. Technology-based intangible assets, such as computer software.
5. Other intangible assets, excluding servicing assets reported on SC642 and SC644.

### Do not include:

1. Servicing assets; report on SC642 and SC644.
2. Interest-only strip receivables and certain other instruments; report on SC655.
3. Organization costs, which should be expensed as incurred.

Goodwill, an unidentifiable intangible asset, arises in a purchase method business combination accounted for under APB No. 16 or FASB Statement No. 141. The amount initially recognized as goodwill is the excess of cost of the acquired entity over the net of the amounts (generally, fair value) assigned to tangible and identifiable intangible assets acquired and liabilities assumed.

## SC690: Other Assets

Report the total of assets not reported elsewhere on Schedule SC. You can find examples of the types of assets to be included in the memo items detailing other assets below.

### Do not include:

1. Premiums on deposits and borrowed money that you purchased. Report premiums on deposits on SC715 and premiums on borrowed money with the related borrowing.
2. Deferred credits, deferred income, that do not have a related asset. Report on SC796, Other Liabilities and Deferred Income.
3. Accounts with a material credit balance that are not contra-assets. Report on SC796, Other Liabilities and Deferred Income.
4. Identified core deposit intangibles. Report on SC660, Goodwill and Other Intangible Assets.

## Memo: Detail of Other Assets

Report the three largest items constituting the amount reported in SC690. You should select codes best describing these items from the list below and report them on SC691, 693, and 697; report the corresponding amounts on SC692, 694, and 698. You must complete this detail if you report an amount on SC690. You should combine similar accounts, for example, all prepaid expenses should be combined and reported as 07. However, you should not combine unlike accounts in reporting code 99. You may have more than one code 99 if you cannot find codes describing the items you report.



**SC691, 693 and 697:      Codes**

- 01    Federal Home Loan Bank Stock.
- 02    Accrued Federal Home Loan Bank dividends.
- 03    Federal, state, or other taxes receivable, whether as the result of prepayment or net operating loss carrybacks.
- 04    Net deferred tax assets in accordance with FASB Statement No. 109.
- 05    Insured portion of real estate acquired by foreclosure or deed in lieu of foreclosure on VA or FHA-HUD loans while the title is held pending conveyance to that agency.
- 06    Prepaid deposit insurance premiums.
- 07    Prepaid expenses.
- 08    Deposits for utilities and other services.
- 09    Advances for loans serviced for others, including advances for taxes and insurance and advances to investors.
- 10    Property leased to others under an operating lease as provided in 12 CFR § 560.41, net of accumulated depreciation.
- 11    Deferred issuance costs related to subordinated debentures, mandatory convertible securities, and redeemable preferred stock.
- 12    Amounts receivable under interest rate swap agreements.

## **SC730: Federal Funds Purchased and Securities Sold Under Agreements to Repurchase**

### **Include:**

1. Funds you received from securities sold under agreements to repurchase that do not meet the criteria for a sale under FASB Statement No. 140, including retail repurchase, dollar-reverse-repurchase, and dollar-roll agreements.
2. Amounts due a FHLBank in the form of securities sold under agreements to repurchase.
3. Federal Funds purchased.

Include in the gain or loss on the sale funds received from transactions accounted for as a sale, such as, yield maintenance, dollar-reverse-repurchase agreements, and certain dollar-roll transactions. **Note** that the repurchase transaction and subsequent investment of these borrowed funds are independent transactions. Therefore, you should not offset any income generated by this subsequent investment by the interest expense incurred in the reverse repurchase transaction. Report interest income on SO110, Interest Income on Deposits and Investment Securities, and interest expense on SO260, Interest Expense: Other Borrowed Money.

## **SC735: Subordinated Debentures (Including Mandatory Convertible Securities)**

Report subordinated debentures and mandatory convertible securities you or your consolidated subsidiaries issued net of premiums and discounts. Report issuance costs related to subordinated debentures and mandatory convertible securities on SC690, Other Assets.

## **Mortgage-Collateralized Securities Issued:**

Report only those mortgage-collateralized securities that are not recorded as sales in accordance with GAAP as principally prescribed by FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*, and FASB Technical Bulletin 85-2, *Accounting for Collateralized Mortgage Obligations (CMOs)*.

## **SC740: CMOs (including REMICs)**

Report all collateralized mortgage obligations (CMOs) issued by you and your consolidated subsidiaries adjusted for issuance costs, discounts, and premiums.

## **SC745: Other**

Report all mortgage collateralized securities, other than CMOs, that you or your consolidated subsidiaries issued that are not recorded as sales in accordance with GAAP.

## **SC760: Other Borrowings**

Report all other borrowings not included on SC720 through SC745.

### **Include:**

1. Redeemable preferred stock issued by consolidated subsidiaries to third parties.
2. Mortgages and other encumbrances on your office premises or real estate owned for which you are liable.
3. Obligations of an employee stock ownership plan (ESOP) to a lender other than yourself, when such reporting is required under GAAP, including AICPA SOP No. 93-6, *Employers' Accounting for Employee Stock Ownership Plans*.

4. The underlying mortgage in a wrap-around loan unless the holder of the underlying mortgage has accepted a subordinated position, in which case you deduct the underlying loan against the related loan.
5. Senior liens on foreclosed real estate.
6. Overdrafts in your transaction accounts in other depository institutions, where there is no right of set-off against other accounts in the same financial institution. If the overdraft is in a zero-balance account or an account that is not routinely maintained with sufficient balances to cover checks drawn in the normal course of business, you should include in deposits the funds received or held in connection with checks drawn on the other depository institutions.
7. Commercial paper that you have issued.
8. Liabilities for capital leases related to assets that you've reported on SC55.
9. Eurodollar issues.
10. The liability from a sale of loans with recourse accounted for as a financing. Refer to FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*.
11. REIT preferred stock issued by a consolidated subsidiary to a third party, where you elect to report the instrument as a liability rather than as a minority interest on line SC799.

**Do not include:**

1. Accrued interest due and payable. Report on SC766, Other Accrued Interest Payable.
2. Redeemable preferred stock you have issued. Report on SC799, Redeemable Preferred Stock and Minority Interest.

You must charge the interest and dividends on all borrowings and yield adjustments reported on this line to expense on SO260, Other Borrowed Money. You must not net the interest expense against the interest income on the related asset.

## NONINTEREST INCOME

**Do not include** material adjustments to income from prior calendar years; refer to page 3 of the General Instructions for procedures to correct prior periods.

### SO40: TOTAL

The EFS software will compute this line as the sum of SO410 through SO491.

### SO410: MORTGAGE LOAN SERVICING FEES

**Include:**

1. Fees earned from servicing mortgage loans for others.
2. Impairment losses on servicing assets reported on SC642.

**Do not include:**

Servicing fees for nonmortgage loans. Report the servicing fees on nonmortgage loans on SO420, Other Fees and Charges.

Report the difference between the net interest retained from mortgage loan servicing and the amortization or other write-down of mortgage servicing assets. Do not deduct servicing expenses.

### SO420: OTHER FEES AND CHARGES

Report all fees and charges not reported on SO410.

**Include:**

1. Loan servicing fee income on nonmortgage loans, including credit card servicing income.
2. Trust fee income.
3. Loan charges such as prepayment fees, late charges, and assumption fees.
4. Amortization of commitment fees when it is unlikely that the borrower will exercise the commitment.
5. Brokerage fee income.
6. Annuity fee income.
7. Insurance premiums, fees, and commissions.
8. Transaction account fees.
9. Credit enhancement fees.
10. All other fees not reported on SO410.

**Do not include:**

Amortization of loan fees. Report amortization of loan fees as a yield adjustment to interest income.

### NET INCOME (LOSS) FROM:

Report net income or loss on the categories below. Enter a loss as negative.

**SO430: Sale of Assets Held for Sale and Available-for-Sale Securities****Include:**

1. Profit or loss from the disposition of assets held for sale.
2. Profit or loss from the disposition of available-for-sale securities pursuant to FASB Statement No. 115.

When you sell securities classified as available-for-sale pursuant to FASB Statement No. 115, reverse the amount of the unrealized gain or loss previously recorded on SC860, Unrealized Gains (Losses) on Available-for-Sale Securities, and report the entire difference between amortized cost and net sales proceeds in earnings.

Because you recognize in income the lower-of-cost-or-market adjustments to assets held for sale as they occur, when you sell the assets, you recognize the difference between the recorded value and the net sales proceeds.

**Do not include:**

1. Gains or losses on trading assets. Report on SO485.
2. Lower-of-cost-or-market adjustments to assets held for sale. Report these adjustments on SO465.

**SO461: Operations and Sale of Repossessed Assets****Include:**

1. Net income or loss from repossessed assets reported on SC40, Repossessed Assets. Report direct expenses on repossessed assets, even if there is no income.
2. Gains and losses from the sale of repossessed assets reported on SC40, Repossessed Assets.

**Do not include:**

1. Adjustments to valuation allowances established on REO. Report these adjustments on SO570, Net Provision for Losses on Noninterest-Bearing Assets.
2. Write-downs taken when marking foreclosed assets to fair value at time of foreclosure. Report these write-downs on SO321, Net Provision for Losses on Interest-bearing Assets.

**SO465: LOCOM Adjustments Made to Assets Held for Sale**

Report adjustments to assets held for sale to value them at the lower-of-cost-or-market. The amounts reported here should directly adjust the asset and should not be established as a valuation allowance.

**CF290: 5 or More Dwelling Units**

Report loans and participations purchased during the quarter of the types on SC235, Construction Loans on 5 or More Dwelling Units, and SC256, Permanent Mortgages on 5 or More Dwelling Units.

**CF300: Nonresidential**

Report loans and participations purchased during the quarter of the types on SC240, Construction Loans on Nonresidential Property, SC260, Permanent Mortgages on Nonresidential Property (Except Land), and SC265, Permanent Mortgages on Land.

**Loans and Participations Sold, Secured by:****Include:**

1. The carrying value of mortgage loans and participations sold to other entities or otherwise disposed of.
2. Securitized loans, both those sold and those you retain in your security portfolio. If you retain a portion of a loan securitization, report that portion as an acquisition on CF140 or CF150.

**CF310: 1-4 Dwelling Units**

Report loans and participations sold during the quarter of the types on SC230, Construction Loans on 1-4 Dwelling Units, and SC250 and SC253, Permanent Mortgages on 1-4 Dwelling Units.

**CF320: 5 or More Dwelling Units**

Report loans and participations sold during the quarter of the types on SC235, Construction Loans on 5 or More Dwelling Units, and SC256, Permanent Mortgages on 5 or More Dwelling Units.

**CF330: Nonresidential**

Report loans and participations sold during the quarter of the types on SC240, Construction Loans on Nonresidential Property; SC260, Permanent Mortgages on Nonresidential Property (Except Land); and SC265, Permanent Mortgages on Land.

**CF340: Cash Repayment of Principal**

Report all cash repayments of principal received during the quarter on loans reported on SC230 through SC265, Mortgage Loans.

**Include:**

1. Scheduled amortization repayments.
2. Full and partial cash prepayments.

**Do not include:**

1. Loan foreclosures. Report on CF350.
2. Capitalized interest charges. Report on CF350.

**CF350: Debits Less Credits Other Than Repayment of Principal**

Report noncash transactions affecting principal balances of loans on SC230 through SC265. Mortgage Loans. Report a net credit as negative.

**Include:**

1. Capitalized charges such as interest, taxes, insurance, and other miscellaneous charges on SC230 through SC265, Mortgage Loans.
2. Mortgage loans foreclosed.
3. Noncash payoffs of the construction phase from a combination construction-permanent loan that became permanent during the quarter.
4. Changes in specific valuation allowances of mortgage loans.
5. Unearned income on mortgage loans originated such as loan fees, prepaid interest, etc. and on mortgage loans purchased such as discounts and premiums.
6. Amortization of unearned income – yield adjustments – on mortgage loans.
7. Increases in unearned income from mortgage loans resulting from mergers accounted for using the purchase method and acquisitions using pushdown accounting.

**Do not include:**

1. Unclassified loans. Transactions on CF190 through CF270 must correspond to their classification on SC230 through SC265, Mortgage Loans.
2. The underlying loan of a wrap-around loan reported as a borrowing on SC760, Other Borrowings.
3. Transfers between the mortgage loan and nonmortgage loan classifications.
4. Foreclosures on property securing real estate loans that are equity investments under GAAP as these amounts were not included in mortgages.
5. Increased balances resulting from negative amortization and open-end loans. Report as originations.
6. Changes in mortgage balances due to acquisition or disposition of a branch as explained in the general instructions.

**CF360: Refinancing Loans**

Report the gross amount of refinanced mortgage loans during the quarter that you reported on CF190 through CF270 where you held the original loan. Include both troubled debt restructurings and non-troubled debt restructurings. Report the full amount of the new refinanced loan even though you report only the new amount disbursed on CF190 through CF270. Include all loans refinanced this quarter, even if you disbursed no new funds. Where you disbursed no new funds, include loans that you did not report on CF190 through CF270.

example, for the two loans in the example above that amortize over 240 months and 360 months, respectively, you would report 300 months [ $300 = (\$100/\$200) \times 240 + (\$100/\$200) \times 360$ ]. For interest-only loans – loans that do not amortize – use 360 months. Do not report this item for fully amortizing loans.

**CMR267 and CMR268: Rate Index Code**

From the List of Interest Rate Index Codes in Appendix A, determine the rate index code that represents the largest percentage of your adjustable-rate multifamily and nonresidential balances. For example, if 60 percent of your balances use the prime rate as an index and the remaining 40 percent use the one-year Treasury rate as an index, you would report the code for the prime rate, 830. Report the index representing the largest percentage of balloon mortgage balances on CMR267, and the index representing the largest percentage of fully amortizing mortgage balances on CMR268.

**CMR269 and CMR270: Margin**

For all balloon loans tied to the index reported on CMR267, calculate the weighted-average margin, in basis points, as described in the general instructions to Schedule CMR. Report the result on CMR269. For all fully amortizing loans tied to the index reported on CMR268, calculate the weighted-average margin and report the result on CMR270. In calculating the weighted-average margin on CMR269 and CMR270, only include loans that use indices reported on CMR267 and CMR268. For mortgage pool securities, use the net margin. Do not include guarantee and servicing fees.

**CMR271 and CMR272: Reset Frequency**

For all balloon loans tied to the index reported on CMR267, report the coupon reset frequency, in months, on CMR271. For all fully amortizing loans tied to the index on CMR268, report the reset frequency on CMR272. For loans with accrual rates and payments that reset at different frequencies, report the reset frequency of the accrual rate. If the loans that use the index reported on CMR267 or CMR268 reset with varying frequencies, calculate a weighted-average reset frequency in the same manner as the WARM described in the general instructions to Schedule CMR. Report on CMR271 and CMR272, respectively.

**Memo: ARMs within 300 Basis Points of Lifetime Cap****CMR273 and CMR274: Balances**

Report the outstanding balances of all adjustable-rate multifamily and nonresidential mortgages with lifetime interest rate caps and where the coupon is currently 300 basis points or less from the lifetime cap. For mortgage pass-through securities, use the pass-through rate on the security and the net lifetime cap in this determination. Report balances for balloon mortgages on CMR273, and balances for fully amortizing mortgages on CMR274.

**CMR275 and CMR276: Weighted-Average Distance to Lifetime Cap (basis points)**

For balances on CMR273 and CMR274 only, calculate the weighted-average difference between the current coupon and the lifetime cap, in basis points, in the same manner as described for the WAC in the general instructions to Schedule CMR. The weighted-average distance to the cap must be between 0 and 300. Report the results for balloon mortgages on CMR275 and the results for fully amortizing mortgages on CMR276.



## Fixed-Rate

### CMR281 through CMR282: Balances

Report the following items:

1. The outstanding balance of fixed-rate multifamily and nonresidential mortgages.
2. The pro rata share of the outstanding balances of participations in fixed-rate multifamily and nonresidential mortgages.
3. The outstanding balances of mortgage securities backed by fixed-rate multifamily or nonresidential mortgages.

Report outstanding balances of balloon mortgages on CMR281, and outstanding balances of fully amortizing mortgages on CMR282.

### CMR283 and CMR284: Weighted-Average Remaining Maturity (WARM)

Calculate the WARM for fixed-rate multifamily and nonresidential loans as described in the general instructions to Schedule CMR. Report on CMR283 and CMR284. For combination construction-permanent mortgages, use the number of months until maturity for the permanent mortgage. For balloon mortgages, use the number of months until payment of the balloon. Report the result on CMR283. For fully amortizing mortgages, use the number of months until final maturity. Report the result on CMR284.

### CMR285: Remaining Term to Full Amortization

For balloon mortgages only, on CMR285 report the weighted-average number of months until the mortgage would fully amortize if not for the scheduled balloon payment. For interest-only loans – loans that do not amortize – use 360 months. Do not report this item for fully amortizing loans.

### CMR287 and CMR288: Weighted-Average Coupon (WAC)

Calculate the WAC as described in the general instructions to Schedule CMR. Report the WAC for balloon mortgages on CMR287 and the WAC for fully amortizing mortgages on CMR288. For securities backed by multifamily or nonresidential mortgages, use the coupon rate of the security, the pass-through rate.

## Supplemental Reporting

If you hold adjustable-rate multifamily and nonresidential mortgages tied to a variety of different indices, you may wish to report those balances disaggregated by index type in the Supplemental Reporting Section. In addition, you may report loans and securities separately for both fixed- and adjustable-rate balances. The additional detail provided by such reporting improves the estimates produced by the OTS Model. For more information, see the instructions for Supplemental Reporting for Assets and Liabilities.

## CONSTRUCTION AND LAND LOANS

Report information on land loans and on the disbursed amount of construction loans secured by single-family dwelling units, multifamily dwelling units, or nonresidential property on CMR291 through CMR298. Include combination construction-permanent mortgages where you have not set the interest rate on the permanent financing. Report only the construction period in the WARM for these combination loans. Do not include combination construction-permanent mortgages that have a fixed rate for the entire term of the mortgage. Report instead with permanent mortgages in the relevant section of Schedule CMR. Report construction LIP in the Off-Balance-Sheet section of Schedule CMR.

If the agreement contains a commitment to provide a mortgage loan upon completion of the construction, report the mortgage commitment as an optional or firm, as appropriate, commitment to originate a mortgage as an off-balance-sheet position.

## **Adjustable-Rate**

Report the following items for performing adjustable-rate construction and land loans:

### **CMR291: Balances**

Report the outstanding balance of adjustable-rate construction and land loans.

### **CMR293: Weighted-Average Remaining Maturity (WARM)**

Report the WARM calculated as described in the general instructions to Schedule CMR for all adjustable-rate construction and land loans. Calculate the WARM using the lesser of the remaining maturity or the time to rate reset.

### **CMR295: Rate Index Code**

Report the rate index code which you can obtain from the List of Interest Rate Index Codes in Appendix A. From the list of codes, determine the rate index code that represents the largest percentage of your adjustable-rate construction and land loan balances. For example, if 60 percent of your balances use the prime rate as an index and the remaining 40 percent use the one-year Treasury rate as an index, you would report the code for the prime rate, code 830.

### **CMR297: Margin**

For the adjustable-rate balances tied to the index on CMR295, calculate the weighted-average margin as described in the general instructions to Schedule CMR. Report the result, in basis points. Do not include adjustable-rate construction loans tied to indices other than the one on CMR295.

### **CMR299: Reset Frequency**

For the adjustable-rate construction and land loans tied to the index on CMR295, report the coupon reset frequency, in months. For loans with payments and accrual rates that reset with different frequencies, report the accrual rate reset frequency. If loans tied to the index on CMR295 reset with varying frequencies, calculate the weighted-average reset frequency in the same manner as described for the WARM in the general instructions to Schedule CMR.

## **Fixed-Rate**

Report the following items for performing fixed-rate construction and land loans:

### **CMR292: Balances**

Report the outstanding balance of fixed-rate construction and land loans.

### **CMR294: Weighted-Average Remaining Maturity (WARM)**

Report the WARM, calculated as described in the general instructions to Schedule CMR, for all fixed-rate construction and land loans. For combination construction-permanent loans, use the number of months remaining in the construction phase of the loan.

**CMR298: Weighted-Average Coupon (WAC)**

For the fixed-rate balances on CMR292, calculate the WAC as described in the general instructions to Schedule CMR. Report the result, in percent.

**Supplemental Reporting**

If you hold adjustable-rate construction and land loans tied to a variety of different indices you may wish to report those balances disaggregated by index type in the Supplemental Reporting Section. The additional detail provided by such reporting improves the estimates produced by the OTS Model. For more information, see the instructions for Supplemental Reporting for Assets and Liabilities.

**SECOND MORTGAGE LOANS AND SECURITIES**

Report information about performing second mortgage loans on single-family dwellings and pass-through securities backed by such loans. Report all mortgages where you hold a junior lien, even if you also hold the first lien. Include all secured home improvement loans and all outstanding balances made under open-end revolving lines of credit, home equity loans, even when secured by a first lien. Loans reported here will often include loans reported as Consumer Loans in Schedule SC.

Report loans that were once adjustable-rate but are now fixed-rate for their remaining term and ARMs with coupons that are currently at their lifetime caps, as fixed-rate mortgages.

**Adjustable-Rate**

Report the following items for performing adjustable-rate second mortgage loans and pass-through securities backed by such loans. Report pay-through securities in Cash, Deposits, and Securities on CMR461 through CMR481 or as code 121 in Supplemental Reporting of Market Value Estimates, as appropriate.

**CMR311: Balances**

Report the outstanding balance of the following items:

1. Adjustable-rate second mortgage loans.
2. The pro rata share of the outstanding balances of participations in adjustable-rate second mortgage loans.
3. The outstanding balances of securities backed by adjustable-rate second mortgage loans.

**CMR313: Weighted-Average Remaining Maturity (WARM)**

Calculate the WARM for adjustable-rate, second mortgage loans as described in the general instructions to Schedule CMR.

**CMR371 and CMR372: Weighted-Average Coupon (WAC)**

Report the WAC of the underlying collateral of the IO strips or IO CMO tranches on CMR371 and CMR372, as appropriate.

**CMR373 and CMR374: Principal-Only MBS**

Report on CMR373 and CMR374 the amount of PO strips and PO tranches of CMOs that are not super POs. The high-risk test will classify most POs as high risk. Report them in CMR373. However, if you can demonstrate that a PO is low risk, you should report that tranche on CMR374.

**CMR375 and CMR376: Weighted-Average Coupon (WAC)**

Report on CMR375 and CMR376 the WAC of the underlying collateral of the PO strips or PO tranches that are not super POs.

**CMR377 and CMR378: Total Mortgage-Derivative Securities**

The EFS software computes CMR377 as the sum of CMR351, CMR353, CMR355, CMR357, CMR359, CMR361, CMR363, CMR365, CMR367, CMR369, and CMR373. The EFS software computes CMR378 as the sum of CMR352, CMR354, CMR356, CMR364, CMR366, CMR368, CMR370, and CMR374.

**Reporting Estimated Market Values**

Besides reporting book values as described above, all savings associations must also report the estimated market values of their high- and low-risk mortgage-derivatives on **Supplemental Reporting of Market Value Estimates using** asset code 123 in Appendix D. Specific instructions are described in the section, **Reporting of Estimated Market Values**.

**MORTGAGE LOANS SERVICED FOR OTHERS**

Report information on all performing, single-family, adjustable- and fixed-rate first mortgage loans that you service for others.

**Include:**

1. Mortgage loans you have sold to others but where you perform the servicing, even if you do not receive an ongoing servicing fee.
2. The mortgage balances of mortgage servicing rights you purchased.
3. Securitized mortgages – for example, a FHLMC swap – if you continue to perform the servicing. In this case, you own a mortgage security and the servicing rights on the mortgages underlying the security. Report the outstanding balance of the mortgages underlying the mortgage security both here and as a mortgage security, in the relevant lines of the fixed-rate or ARMs section.
4. Mortgage balances where you own the servicing right but someone else performs the servicing, if you receive a net fee after you pay the subservicer.
5. Mortgage balances where you perform servicing on a contractual basis – you act as subservicer – for another entity that owns the servicing rights and this arrangement will continue for the life of those mortgages.
6. In cases where you own a share of a pool but service the entire pool, report only the share you do not own.

**Do not include:**

1. Mortgage loans that a consolidated subsidiary services for you.
2. Loans being serviced other than single-family first mortgage loans.

3. Mortgage loans where you will perform servicing on a contractual basis – you act as subservicer – for another entity for less than the life of the mortgages.

Use code 500 in **Supplemental Reporting of Market Value Estimates** to report your estimates of the economic value of servicing rights described in items 2 and 3 under *Do not include*.

## Fixed-Rate Mortgage Loan Servicing

### CMR401 through CMR405: Balances Serviced

Report the outstanding balances of fixed-rate mortgages that you service for others according to the five following coupon ranges:

1. Less than 5 percent.
2. 5 percent to 5.99 percent.
3. 6 percent to 6.99 percent.
4. 7 percent to 7.99 percent.
5. 8 percent and above.

### CMR406 through CMR410: Weighted-Average Remaining Maturity (WARM)

For each coupon range, report the WARM of the mortgages on CMR401 through CMR405. Calculate the WARM as described in the general instructions to Schedule CMR.

### CMR411 through CMR415: Weighted-Average Servicing Fee

For each coupon range, report the weighted-average net servicing fee you retain, in basis points. See the example below for a description of the calculation. The mortgage servicing fee is the spread you retain. This is the difference between the weighted-average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties such as guarantors, master servicers, and subservicers.

The following example illustrates how to calculate the weighted-average servicing fee:

**Example:** You have a servicing portfolio consisting of the following three fixed-rate loans, each with a current outstanding balance of \$100,000.

1. You purchased the rights to service a GNMA security with a pass-through rate of 6 percent, and a WAC on the underlying mortgages of 6.5 percent. Although the difference between the pass-through rate and the WAC is 50 basis points, GNMA receives six basis points for its guarantee fee and you retain 44 basis points. You should use 44 basis points when you calculate the weighted-average servicing fee.
2. You originated a mortgage with a coupon of 6.5 percent and sold it on the secondary market to yield 5.5. You should include the full one hundred 100-basis point fee when you calculate the weighted-average servicing spread.
3. You own the servicing rights on an 6.6 percent mortgage with a servicing fee of 45 basis points; however, you contracted with a subservicer to service the loan for 30 basis points. You should use the remaining 15-basis point fee you retain in calculating the weighted-average servicing spread. Because another savings association subservices this loan, you should include it in the number of loans on CMR423.

Calculate the weighted-average servicing fee for these three loans as follows:

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$$\begin{aligned} \text{Weighted-Average Servicing Fee} &= \frac{44(\$100,000) + 100(\$100,000) + 15(\$100,000)}{\$300,000} \\ &= 53 \text{ basis points} \end{aligned}$$

You would report this as **53** on CMR413.

**CMR421: Total Number of Fixed-Rate Loans Serviced That Are Conventional Loans**

Report on CMR421 the number of conventional loans in the balances on CMR401 through CMR405.

**CMR422: Total Number of Fixed-Rate Loans Serviced That Are FHA/VA Loans**

Report on CMR422 the number of FHA and VA loans in the balances on CMR401 through CMR405.

**CMR423: Total Number of Fixed-Rate Loans Serviced That Are Subserviced by Others**

Report the total number of fixed-rate mortgage loans included on CMR421 through CMR422 where you own the right to service for others but have contracted the servicing out to a subservicer.

## Adjustable-Rate Mortgage Loan Servicing

**CMR431 through CMR432: Balances Serviced**

Report the outstanding balances of ARMs serviced for others that reset based on current market indices on CMR431 and those that reset based on lagging market indices on CMR432. See the instructions for adjustable-rate single-family mortgages for a definition of current market versus lagging indices.

**CMR433 through CMR434: Weighted-Average Remaining Maturity (WARM)**

Report the WARM of ARMs of each index type on CMR433 and CMR434. Calculate the WARM as described in the general instructions to Schedule CMR.

**CMR435 and CMR436: Weighted-Average Servicing Fee**

Report the weighted-average net servicing fee that you retain in basis points for current market index ARMs on CMR435 and for lagging market index ARMs on CMR436. See example above for description of its calculation. The mortgage servicing fee is the spread you retain. This is the difference between the weighted-average note rate on the mortgages being serviced and the rate of interest passed on to the owner of the mortgages, less any payments to third parties such as guarantors, master servicers, and subservicers.

**CMR441: Total Number of Adjustable-Rate Loans Serviced**

On CMR441 report the total number of adjustable-rate loans in the balances on CMR431 and CMR432.

**CMR442: Of Which, Number Subserviced by Others**

On CMR442 report the total number of ARM loans in CMR441 where you own the right to service for others but have contracted the servicing out to a subservicer.

**CMR450: Total Balances of Mortgage Loans Serviced for Others**

The EFS software automatically computes this line as the sum of the balances on CMR401 through CMR405, CMR431, and CMR432.

**CASH, DEPOSITS, AND SECURITIES**

We collect information about most of the financial instruments on SC10, Cash, Deposits, and Investment Securities, in this section. We do not include mortgage-derivative securities. General instructions to Schedule CMR that apply to this section are:

1. Report outstanding principal balances, not carrying values, unless explicitly instructed otherwise. Do not deduct or add discounts and premiums or valuation allowances.
2. Report coupon rates, not effective rates, unless explicitly instructed otherwise.
3. In calculating the WARM, observe the following:
  - a. For a security that will repay principal periodically over its life, such as through scheduled sinking fund repayments, you should treat each repayment as a separate instrument when calculating the WARM.
  - b. For variable-rate instruments, calculate the WARM using the months to the next repricing as the remaining months to maturity.

**CMR461: Cash, Non-Interest-Earning Demand Deposits, Overnight Fed Funds, Overnight Repurchase Agreements**

Report on CMR461 the outstanding balance of cash, cash items, non-interest-earning demand deposits, overnight Federal funds sold, securities purchased under overnight repurchase agreements, and investments in money market mutual funds. **Also, include accrued interest or dividends receivable on deposits and investment securities that you report on CMR377, CMR378, and CMR461 through CMR481 or as code 121 in Supplemental Reporting of Market Value Estimates, as appropriate.**

**CMR464: Equity Securities (Including Mutual Funds) Subject to SFAS No. 115**

Report the fair value of investments in equity securities subject to FASB Statement No. 115 and the fair value of investments in mutual funds. Include limited partnership investment funds subject to FASB

## CMR550: Total Assets

The EFS software automatically computes this line as the sum of the following line items:

|        |        |        |        |        |
|--------|--------|--------|--------|--------|
| CMR125 | CMR185 | CMR261 | CMR262 | CMR281 |
| CMR282 | CMR291 | CMR292 | CMR311 | CMR312 |
| CMR325 | CMR326 | CMR335 | CMR336 | CMR377 |
| CMR378 | CMR490 | CMR501 | CMR502 | CMR503 |
| CMR508 | CMR511 | CMR512 | CMR517 | CMR520 |
| CMR525 | CMR530 | CMR535 | CMR538 | CMR541 |
| CMR543 | CMR544 |        |        |        |

Less the following items:

|        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|
| CMR504 | CMR507 | CMR513 | CMR516 | CMR539 | CMR540 |
|--------|--------|--------|--------|--------|--------|

CMR550 plus the balance for Complex Securities reported as code 121 on the section for Supplemental Reporting of Market Value Estimates should equal SC60, Total Assets. For all editing and output data uses, our data systems will add the balance for complex securities reported as code 121 in the section for Supplemental Reporting of Market Value Estimates to this line.

## Memoranda Items

### CMR578: Mortgage Warehouse Loans Reported as Mortgage Loans at SC23

Report the outstanding balance of performing loans included on SC23, Mortgage Loans, collateralized by mortgage loans rather than liens directly on real estate.

### CMR580: Loans Secured by Real Estate Reported as Consumer Loans at SC34

Report the outstanding balance for the following types of performing loans on SC34 (Consumer Loans):

1. Any timeshare loans on CMR125 or CMR185.
2. Secured home improvement loans and revolving open-end loans secured by single-family dwellings, home equity loans, on CMR311 or CMR312.

### Market Value of Equity Securities and Mutual Funds Reported at CMR464:

Report on CMR582 and CMR584 the current market value of the assets whose recorded investment you report on CMR464. The sum of CMR582 and CMR584 should equal CMR464.

### CMR582: Equity Securities and Nonmortgage--Related Mutual Funds

Report on CMR582 the current market value of all investments in common stock, except FHLB stock, and in mutual funds that invest entirely in nonmortgage-related instruments.



**CMR584: Mortgage-Related Mutual Funds**

Report on CMR584 the current market value of all investments in mutual funds, including limited partnership investment funds, that have any investments in mortgages, mortgage securities, mortgage-derivative securities, mortgage servicing rights, or other mortgage-related instruments.

**Mortgage Loans Serviced by Others****CMR586: Fixed-Rate Mortgage Loans Serviced by Others**

Report on CMR586 the outstanding balance of all performing fixed-rate mortgages that you hold but others service.

**CMR587: Weighted-Average Servicing Fee**

Report on CMR587, in basis points, the weighted-average servicing fee paid to others to service the fixed-rate mortgage balances on CMR586. Calculate the weighted-average servicing fee in the same manner as described for the WAC in the general instructions to Schedule CMR.

**CMR588: Adjustable-Rate Mortgage Loans Serviced by Others**

Report on CMR588 the outstanding balance of all performing ARM balances that you hold but others service.

**CMR589: Weighted-Average Servicing Fee:**

Report on CMR589, in basis points, the weighted-average servicing fee paid to others to service the ARM balances on CMR588. Calculate the weighted-average servicing fee in the same manner as described for the WAC in the general instructions to Schedule CMR.

**CMR590: Credit Card Balances Expected to Pay Off in Grace Period**

Report on CMR590 the amount of the outstanding credit card balances expected to pay off within an interest-free grace period and, thus, not incur interest charges.

**Example:** You have \$100,000 in outstanding fixed- and adjustable-rate credit card balances scheduled to pay off over 60 months. You estimate that customers will repay 30 percent of those balances within the grace period. You would report \$30,000 on CMR590.

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## SUPPLEMENTAL REPORTING FOR ASSETS AND LIABILITIES

### INTRODUCTION

This section allows you to report selected assets and liabilities at a more disaggregate level than you report in the Assets and Liabilities sections of Schedule CMR. For example, if you have adjustable-rate second mortgage loans tied to different indices, you may report the balances tied to each rate index separately. We will derive the interest rate risk exposure estimates using this detailed information instead of the more aggregated data reported for those assets in the other sections. This results in more accurate market value estimates for the instruments on the supplemental form.

Supplemental reporting is available for the following:

#### Assets (Optional Reporting)

1. Certain types of loans.
2. Other investment securities of the types on CMR473 and CMR479.

#### Liabilities (Required Reporting)

1. VRFM liabilities.

Supplemental reporting is also available for OBS positions, as described below.

Each line on the supplemental reporting form for assets and liabilities consists of a balance with a given asset or liability code, a rate index code, and information describing those balances – margin, coupon, remaining maturity, etc. Number all lines used to report supplemental information sequentially, with the first line on the form receiving the number 1 in the column titled *Entry #*. We describe all other entries in detail below. If there are insufficient lines on the Supplemental Reporting page to report the different combinations of instrument and index codes, use as many continuation pages as necessary.

### SUPPLEMENTAL REPORTING FOR ASSETS (OPTIONAL)

You may report three broad classes of assets on the Supplemental Reporting form:

1. The following types of loans:
  - a. Adjustable- and fixed-rate multifamily and nonresidential mortgage loans and securities.
  - b. Adjustable-rate construction and land loans.
  - c. Adjustable-rate second mortgages.
  - d. Adjustable-rate commercial loans.
  - e. Adjustable- and fixed-rate consumer loans.
2. Investments in securities of the types on CMR479, Municipal securities, mortgage-backed bonds, corporate securities, commercial paper.

Besides a column for the entry number, there are nine input columns on the Supplemental Reporting form. You will not always use all nine columns, depending on the asset. Below we describe the reporting for each column for each of the three classes of assets.

## Loans

### **Column 1: Asset Code**

Loans where OTS permits supplemental reporting are in Appendix C by Schedule CMR cell number. For each CMR cell number, you may use one or more codes to represent types of loans in that cell. For example, CMR335 and CMR336, Adjustable-rate and Fixed-rate Consumer Loans, respectively, may each be disaggregated into seven asset codes that correspond to different types of consumer loans. For example, you can report auto loans by entering asset code 183 in column 1 of the first line; education loans by entering asset code 182 on the next line; etc. Other CMR cell numbers – construction and land loans, second mortgages, and commercial loans – have only one code each. For those assets, balances cannot be disaggregated further by loan type, only by index code. See the description of column 2 below.

### **Column 2: Rate Index Code**

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index the reported loan uses. For example, you could report adjustable-rate auto loans tied to the prime rate with an asset code of 183 in column 1 and an index code of 830 in column 2. You could report auto loans tied to the one-year Treasury rate on a separate line with an asset code of 183 and an index code of 312.

### **Column 3: Balance**

Report the outstanding balance of the loan in column 3.

Balances reported for asset codes within a given CMR cell number must sum to the balance reported in that cell in the Assets sections of Schedule CMR. For example, balances on the Supplemental Reporting form with asset codes 180 through 189, various types of consumer loans, and index codes designating adjustable-rate loans, must sum to the balance reported for total adjustable-rate consumer loans on CMR335. Likewise, the balances with asset codes 180 through 189 and an index code designating fixed-rate loans, must sum to CMR336, total fixed-rate consumer loans.

### **Column 4: Margin/WAC**

If the entry represents an adjustable-rate loan, report the weighted-average margin, in basis points, in column 4. If it is a fixed-rate loan, report the WAC, in basis points, in column 4. Note that this differs from treatment in the Assets section of Schedule CMR, where the WAC is in percentage points. Report the net margin or the pass-through rate for adjustable-rate and fixed-rate securities, respectively. We describe how to calculate the weighted-average margin and the WAC in the general instructions to Schedule CMR.

### **Column 5: Rate Reset Frequency**

If the loan is adjustable-rate, report the weighted-average frequency where the coupon rate resets, in months, in column 5. You should calculate the weighted-average frequency of the coupon reset in the same manner as the WARM, as described in the general instructions to Schedule CMR. However, instead of months to maturity, use months between coupon reset dates. If the loan is fixed-rate, leave column 5 blank.

### **Column 6: Months to Full Amortization**

Leave this column blank for all assets except multifamily and nonresidential balloon mortgage loans and securities – asset codes 100, 105, 106, 107, 108, and 109. For those assets, report the weighted-average number of months remaining until the balloon mortgage would fully amortize. Calculate this item in the same manner as described for WARM, in the general instructions to Schedule CMR. However, instead of months to maturity, use months to full amortization.

### **Column 7: Remaining Maturity**

Report the WARM, in months, in column 7. Calculate the WARM as described in the general instructions to Schedule CMR. For balloon mortgages, use the number of months until payment of the balloon.

**Column 8: Distance to Lifetime Cap**

Use this column only for adjustable-rate multifamily and nonresidential mortgage loans and securities, asset codes 100 through 119. For all other types of loans, leave it blank.

For each asset code, calculate the difference between the WAC and the weighted-average lifetime cap for the loans or securities in that category. Report the result in column 8, in basis points. For example, for a WAC of 10 percent and a cap of 12 percent, report a value of 200 basis points. Calculate the WAC as described in the general instructions to Schedule CMR. Calculate the weighted-average lifetime cap the same way. For loans and securities that have no lifetime caps, report 9999 in this column.

**Column 9: Distance to Lifetime Floor**

Use this column only for adjustable-rate multifamily and nonresidential mortgage loans and securities, asset codes 100 through 119. For all other types of loans, leave it blank.

For each asset code, calculate the difference between the current WAC and the weighted-average lifetime floor for the loans in that category. Report the result in column 9, in basis points. For example, for a WAC of 10 percent and a floor of 8 percent, report a value of 200 basis points. For loans and securities that have no lifetime floor, report 9999 in this column.

**Other Investment Securities**

You can provide additional information about securities on CMR473 and CMR479. You may distinguish three different types of instruments – fixed coupon, floating-rate, and inverse floating-rate securities – using the codes listed in the appropriate sections of Appendix C.

**Column 1: Asset Code**

Asset codes for reporting supplemental information are in Appendix C. For CMR473, Government and Agency Securities including SBA securities, applicable asset codes are 300 through 304. For CMR479, Other Securities – Munis, Mortgage-Backed Bonds, Corporate Securities, Commercial Paper, Etc. – applicable codes are 120, 122, and 124.

**Column 2: Rate Index Code**

From the list of Interest Rate Index Codes in Appendix A, report the code representing the index the security uses. Use code 900 if the security has a fixed coupon.

**Column 3: Balance**

For each type of security, report the outstanding balance of all securities of that type on CMR473 or CMR479. The total outstanding balance on the Supplemental Reporting section with asset codes 300 through 304 must equal the amount on CMR473. In addition, the total balance with asset codes 120, 122, and 124 must equal the amount on CMR479.

**Column 4: Margin/WAC**

If the entry represents a floating-rate security, report the margin, **in basis points**, in column 4. If the security is a fixed-coupon security, report the coupon, **in basis points**, in column 4. Note that this differs from treatment in the Assets section of Schedule CMR, where the coupon is in percentage points.

**Column 5: Rate Reset Frequency**

If the balance reported in column 3 is floating-rate or inverse floating-rate, report the frequency that the coupon rate resets, in months, in column 5. If the balance reported in column 3 is fixed-coupon, leave column 5 blank.

**Column 6:**

Leave this column blank.

**Column 7: Remaining Maturity**

Report the remaining maturity, in months, in column 7.

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Other Investment Securities continues on page 1673.

1. Values the cap and floor of the floater.
2. Discounts cash flows using the zero-coupon Treasury curve and a spread to the curve.

CEO Memo 55, dated April 30, 1996 contains a detailed description of a methodology that incorporates these two requirements. The memo is available on OTS's web site, [www.ots.treas.gov](http://www.ots.treas.gov).

**Use of Information:** When calculating your Interest Rate Risk Report, the OTS Model will use market value estimates of mortgage derivatives if you report them. If you have such derivatives but do not report market value estimates, the OTS Model will estimate market values using values of similar instruments as proxies.

## Market Value Estimates of Complex Securities

**Reporting Information:** If you report any complex securities you must report the estimated aggregate market value of those securities in each of the seven interest rate scenarios using contract code 121 from Appendix D.

**Use of Information:** When producing your Interest Rate Risk Exposure Report, the OTS Model will include in NPV the market value estimates of these securities.

## Market Value Estimates of Structured Borrowings

For the purpose of these instructions, structured borrowings include borrowings and Federal Home Loan Bank (FHLB) advances with embedded options or derivative-like features where the advance's coupon, average life, and redemption value are dependent on a reference rate, an index, or a formula. Structured borrowings include, but are not limited to, putable and callable advances, variable rate advances with embedded caps, floors, or collars, step-up variable rate advances and amortizing advances. The amounts you enter in the rate shock scenarios are the estimated market values of the contract after the rate change. See Appendix D, codes 280 through 290, for a detailed description of structured borrowings whose market value estimates you report on Supplemental Reporting of Market Value Estimates.

The important contractual terms used in classifying these positions are 1) who owns (has the right to exercise) the option, and 2) the type of option. The type of option is classified using standard option terminology, i.e., the owner of a call has the right to buy at the exercise price, and the owner of a put has the right to sell at the exercise price. Standard option terminology is not always consistent with the terminology used in marketing these instruments.

For example, with a putable advance, an FHLB effectively purchases a put option from the borrowing member. This put option provides the FHLB with the right to terminate the advance and offer alternative credit on new terms if interest rates increase. An advance with these terms would have position code 280. The terminology on these products may be an issue since some FHLBs call putable advances putable advances, and other FHLBs call them callable advances. From the perspective of standard option terminology callable is not the proper term for this instrument, since the FHLB has the right to sell (put) the advance back to the member when interest rates increase and the value of the debt has fallen.

A callable advance in standard option terminology allows the member to prepay the advance. The position code for this contract is 282. If the advance allowed the FHLB to convert the advance from fixed to floating rate, the advance would be termed a convertible advance and would have position code 281.

A similar, but more complicated advance is the periodic floating rate advance. In this advance the interest rate floats by being periodically reset to LIBOR. However, the member effectively sells a floor to the FHLB, which limits the reduction in interest payments when LIBOR decreases. The position code for this advance is 283.

## Market Value Estimates of Collateralized Mortgage Securities Issued (Optional)

**Reporting Information:** Report only those collateralized mortgage securities issued that you do not record as sales in accordance with FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. Report information on collateralized mortgage securities issued in two places: one mandatory, the other optional:

1. Report the book value of CMOs and other collateralized mortgage securities issued on CMR785. Balances on CMR785 should not be on CMR678 through CMR706.
2. At your option, you may use code 210 to report your estimate of the value of the collateralized mortgage securities issued, in each of seven interest rate scenarios listed on the Supplemental Reporting of Market Value Estimates.

### Reporting Guidelines

Report positions in the Supplemental Reporting of Market Value Estimates as follows:

#### Column 1: Entry Number

Number all lines used to report supplemental market value information, starting with the number 1.

#### Column 2: Position Code

The position code is a 3-digit code that denotes the type of instrument reported. The codes are included in Appendix D.

#### Column 3: Balance

Report the outstanding balance for each position whose market value estimates are reported in Column 3 through Column 9. For zero-coupon instruments, report the recorded investment, which is the amortized value of the investment.

## APPENDIX C

### LIST OF ASSET CODES FOR SUPPLEMENTAL REPORTING

| CMR<br>Line   | Asset Type                                  | Asset<br>Code |
|---|---|---------------|
| <b>Multifamily and Nonresidential Mortgage Loans and Securities</b> |   |               |
| <b><u>Adjustable-Rate</u></b>                                       |   |               |
| CMR261  | Balloon Mortgage Loans                      |               |
|   | Coupon Within 300 bp of Lifetime Cap        | 100           |
|   | Coupon More Than 300 bp From Lifetime Cap   | 105           |
|   | With No Lifetime Cap                        | 106           |
|   | Balloon Mortgage Securities                 |               |
|   | Coupon Within 300 bp of Lifetime Cap        | 107           |
|   | Coupon More Than 300 bp From Lifetime Cap   | 108           |
|   | With No Lifetime Cap                        | 109           |
| CMR262  | Fully Amortizing Mortgage Loans             |               |
|   | Coupon Within 300 bp of Lifetime Cap        | 110           |
|   | Coupon More Than 300 bp From Lifetime       | 115           |
|   | With No Lifetime Cap                        | 116           |
|   | Fully Amortizing Mortgage Securities        |               |
|   | Coupon Within 300 bp of Lifetime Cap        | 117           |
|   | Coupon More Than 300 bp From Lifetime Cap   | 118           |
|   | With No Lifetime Cap                        | 119           |
| <b><u>Fixed-Rate</u></b>  |   |               |
| CMR281  | Balloon Mortgage Loans                      | 125           |
|   | Balloon Mortgage Securities                 | 126           |
| CMR282  | Fully Amortizing Mortgage Loans             | 127           |
|   | Fully Amortizing Mortgage Securities        | 128           |
| CMR291  | Construction & Land Loans – adjustable-rate | 130           |
| CMR311  | Second Mortgage – adjustable-rate           | 140           |



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| <b>CMR<br/>Line</b>    | <b>Asset Type</b>                           | <b>Asset<br/>Code</b> |
|------------------------|---|-----------------------|
| CMR325                 | Commercial Loans – adjustable-rate          | 150                   |
| CMR335<br>or<br>CMR336 | Consumer Loans – fixed- or adjustable-rate: |                       |
|                        | Loans on Deposits                           | 180                   |
|                        | Unsecured Home Improvement Loans            | 181                   |
|                        | Education Loans                             | 182                   |
|                        | Auto Loans and Leases                       | 183                   |
|                        | Mobile Home Loans                           | 184                   |
|                        | Credit Cards                                | 185                   |
|                        | Recreational Vehicle Loans                  | 187                   |
|                        | Other Type of Consumer Loans                | 189                   |
| CMR473                 | Government & Agency Securities:             |                       |
|                        | Fixed-Coupon Securities                     | 300                   |
|                        | Floating-Rate Securities                    | 302                   |
|                        | Inverse Floating-Rate Securities            | 304                   |
| CMR479                 | Other Investment Securities:                |                       |
|                        | Fixed-Coupon Securities                     | 120                   |
|                        | Floating-Rate Securities                    | 122                   |
|                        | Inverse Floating-Rate Securities            | 124                   |

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## APPENDIX D

### LIST OF CODES FOR SUPPLEMENTAL REPORTING

| <u>Code</u>      | <u>Position</u>   |
|------------------|---|
| 121 <sup>1</sup> | Market value estimates of complex securities, other than mortgage derivative securities   |
| 123 <sup>1</sup> | Market value estimates of mortgage derivatives  |
| 200 <sup>2</sup> | Terms and conditions of variable-rate, fixed-maturity certificates of deposit   |
| 210 <sup>1</sup> | Market value estimates of collateralized mortgage obligations issued  |
| 220 <sup>2</sup> | Terms and conditions of variable-rate, fixed-maturity FHLB advances, other than those reported below  |
| 280 <sup>1</sup> | Market value estimates of FHLB putable advance. Putable advances are advances that the issuing FHLB, at its discretion, may terminate and require the borrowing institution to repay at predetermined dates prior to the stated maturity date of the advance. |
| 281 <sup>1</sup> | Market value estimates of FHLB convertible advance. With a convertible advance, the issuing FHLB has the option to convert the advance to an adjustable rate advance after a predetermined lock-out period and periodically thereafter.                       |
| 282 <sup>1</sup> | Market value estimates of FHLB callable advance. With a callable advance, the borrower has the option to return the funds to the FHLB that issued the advance, without a prepayment fee, at designated prepayment or put dates and periodically thereafter.   |
| 283 <sup>1</sup> | Market value estimates of FHLB periodic floor floating rate advance. The rate on the advance resets periodically to LIBOR, and the interest rate decline is limited to the periodic floor   |
| 289 <sup>1</sup> | Market value estimates of other FHLB structured advances  |
| 290 <sup>1</sup> | Market value estimates of other structured borrowings   |
| 299 <sup>2</sup> | Terms and conditions of other variable-rate, fixed-maturity borrowings  |
| 500 <sup>1</sup> | Market value estimates of either: (1) other financial derivatives and OBS positions without a contract code; or (2) the aggregate value of OBS positions in excess of the 16 positions reported on the Financial Derivatives and Off-Balance-Sheet Positions. |

<sup>1</sup> Use these codes in the Supplemental Reporting of Market Value Estimates

<sup>2</sup> Use these codes in the Supplemental Reporting of Assets and Liabilities